



Telephone conference for media representatives

Uniper's business performance for FY 2021

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[Speaker: Tiina Tuomela]

Good morning. A warm welcome from me as well to our annual results press conference. Thanks for joining us.

I'm pleased to be able to present to you full-year results for the 2021 financial year that are in line with the expectations of our forecast for 2021, updated at the end of October.

I'll start as usual with **adjusted EBIT**. We recorded adjusted EBIT of €1,187 million, which is almost 19 percent above the prior-year figure of €998 million. The increase is mainly attributable to the strong earnings delivered by our Global Commodities segment.

But before we turn to that, let's take a look at the most important developments at the **European Generation** segment. This segment posted adjusted EBIT of €473 million in 2021, which is slightly below the prior-year figure of €492 million. This is attributable especially to the non-recurrence of positive income from the optimization of fossil-fueled power plants and the temporary unavailability of Maasvlakte 3 hard-coal-fired power station in the Netherlands. Earnings were also adversely affected relative to the prior year by an increase in provisions for asset retirement obligations at our nuclear power business in Sweden. A positive factor was that Datteln 4 and Irsching 4 and 5 power plants, which entered commercial operation in the course of 2020, contributed to earnings for the full year in 2021.

Global Commodities' adjusted EBIT of €756 million surpassed its prior-year earnings of €496 million by a wide margin. The increase is attributable in part to higher earnings from our international portfolio, which benefited from unusual weather conditions in North America and from business activities in Asia. In addition, our gas business followed up its good results in 2020 by having a positive impact in the 2021 financial year as well. It benefited from exceptionally volatile and rising prices.

Our **Russian Power Generation** segment recorded earnings of €230 million, which was at the prior-year level. The recommissioning of unit 3 at Berezovskaya power station in May 2021 and the associated income from the capacity mechanism along with higher prices and sales volume on the electricity market had positive effects on earnings. These positive developments were partially offset by the expiration of long-term capacity payments for a total of four generating units at Shaturskaya



und Yaivinskaya power stations at year-end 2020 and at Surgutskaya during the 2021 financial year as well as negative FX effects.

Adjusted net income essentially tracks adjusted EBIT. Our full-year adjusted net income of €906 million significantly surpassed the prior-year figure of €774 million.

Uniper recorded a **net loss** of €4,106 million at the end of the 2021 financial year. The main reason for this is the discrepancy in IFRS's accounting treatment of the marking-to-market of hedging transactions and hedged positions. Derivatives are recorded at their fair value on the balance sheet date, whereas the increase in the value of the hedged assets is initially limited to their acquisition or production costs. Any increase in their value beyond this may only be recorded when the hedges are unwound. This means that we record income from hedges as soon as we settle our contracts. This valuation discrepancy is factored out of "adjusted EBIT" and "adjusted net income" in order to better reflect Uniper's operating performance. The net loss we recorded is a snapshot at the end of 2021 which may already look very different today.

The main reason for these developments was the rapid rise in electricity and, above all, gas prices toward the end of last year. Uniper sells power and gas also on forward markets as well. This enables our customers to lock in a fixed contractual price. For Uniper, this ultimately means that rising commodity prices have a negative impact on unadjusted IFRS earnings, while falling prices have a positive effect on IFRS earnings, all due to the aforementioned valuation mismatch. In addition, collateral payments are usually agreed on forward transactions. This collateral reflects the difference between the current market price and the contractually price. Normally, this collateral amounts to a few percent of the contractual price. But at one point toward the end of last year it amounted to nine times this difference. The increase in collateral payments is not only reflected in unadjusted net income but also requires us to have significantly more liquidity.

At the end of last year, we obtained the necessary additional flexibility in the form of a credit and guarantee facility agreement with Fortum and early January 2022 a revolving credit facility with KfW Bank in addition to the existing revolving credit facility with Uniper's core banks.



To state it very clearly: Uniper has a solid operating and financial foundation. Uniper's goal is a stable investment-grade rating of BBB. And in late January, S&P Global Ratings reaffirmed Uniper's BBB **credit rating** and stable outlook.

Economic net debt declined significantly from €3,050 million at year-end 2020 to €324 million. The main reason is the increase in our operating cash flow due to measures to optimize liquidity. A reduction in provisions for pensions and other obligations, resulting from the increase in actuarial discount rates relative to year-end 2020, led to a further decline in economic net debt.

Full-year **cash-effective investments** totaled €720 million, which is €23 million below the prior-year level. About €329 million went toward growth investments and €392 million toward maintenance investments. Our growth investments were lower than in the prior year, whereas our maintenance investments were higher.

I'll turn now to our **forecast**. We anticipate **adjusted EBIT** of €1.0 billion to €1.3 billion and **adjusted net income** to be between €0.8 billion and €1.3 billion for the 2022 financial year.

Since Uniper's founding, we've always placed great emphasis on presenting our business transparently. Last year we published our first Tax Transparency Report; the 2021 report will be disclosed in March. This year we're taking an additional step. Our TCFD Report – TCFD stands for Task Force on Climate Related Financial Disclosure – presents the opportunities and risks that climate change has for Uniper. The report is – for the first time -part of the Non-Financial Report included in our Annual Report. In addition, Uniper is reporting its EU taxonomy-eligible economic activities for the first time.

And now we'd be happy to take your questions.

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